

## Message Text

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11

ACTION EA-10

INFO OCT-01 ISO-00 NEA-09 IO-10 ACDA-05 FEA-01 CIAE-00

DODE-00 NSAE-00 NSCE-00 SSO-00 USIE-00 INRE-00 L-02

/038 W

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O 030850Z MAR 75

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC IMMEDIATE 8387

ERDA GERMANTOWN

C O N F I D E N T I A L TOKYO 2745

E.O. 11652: N/A

TAGS: TECH, JA

SUBJ: IRANIAN PARTICIPATION IN UEA

REF: 1. STATE 46564 2. TOKYO 1157

1. EMBOFF MET WITH TAMIYA AND IMAI, ADVISORS TO ERG  
CHAIRMAN IPPONMATSU AND IKUTA, DIR GEN JAEB, IN EFFORT TO  
DEFINE GOJ REACTION TO POSSIBLE 30 PER CENT  
OR 20 PER CENT PARTICIPATION  
IRAN IN UEA.

2. THIS IS AN EXCEEDINGLY DIFFICULT AND COMPLEX MATTER FOR  
GOJ TO FOCUS IN UPON. MOST OF ABOVE DISCUSSIONS EVOLVED  
INTO THE FORMULATION OF QUESTIONS ABOUT USG POLICY ON  
INVESTMENT OF OIL DOLLARS IN US RATHER THAN STATEMENTS ON  
GOJ'S EXPECTED RESPONSE, IN EFFECT, GOJ HESITANT TO DEFINE  
POSITION UNTIL USG POSITION KNOWN. FOLLOWING ARE QUESTIONS  
WHICH WERE RAISED AND WHICH RELATE TO GOJ'S POSITION:

A. WHAT IS OR WILL BE THE USG POLICY ON PERMITTING OR  
PROMOTING THE EXPENDITURE OR INVESTMENT OF OIL DOLLARS  
IN THE US ON ENERGY ORIENTED PROJECTS, PARTICULARLY IN  
AS SENSITIVE A SECTOR AS URANIUM ENRICHMENT.

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B. HOW WOULD THE 30 PER CENT INVESTMENT BE FACTORED INTO THE

FINANCIAL STRUCTURE OF UEA AND HOW WOULD IT AFFECT THE  
MANAGERIAL ASPECTS OF UEA? (COULD THERE BE A SETUP  
WHEREBY THE CUSTOMERS DO NOT NECESSARILY PARTICIPATE IN  
THE FINANCING TO THE SAME DEGREE AS THEY PURCHASE  
ENRICHED URANIUM?)

3. WITH THOSE QUALIFICATIONS AND QUESTIONS ASIDE, FOLLOWING  
IS PRELIMINARY RESPONSE:

THERE ARE TWO MAJOR CONSIDERATIONS WHICH AFFECT GOJ'S  
FEELINGS. THESE ARE: (1) HOW THE NEWLY PROPOSED ARRANGEMENT  
WOULD AFFECT US-GOJ RELATIONS, AND (2) WHETHER ARRANGEMENT  
WOULD IMPROVE VIABILITY OF UEA OR NOT. ERG CONCERNS WITH UEA  
HAVE RELATED TO ABSENCE OF REAL COMMITMENT. FIRST BLUSH ERG  
REACTION TO 30 PER CENT IRANIAN PARTICIPATION IS THAT VIABILITY UEA  
WOULD NOT BE IMPROVED. WOULD CONSIDER 20 PER CENT MORE IN LINE.  
CONVERSELY, FIRST AEB REACTION WAS AS LONG AS JAPAN'S  
POSSIBLE 2000-TON  
PARTICIPATION UNAFFECTED, THE MORE OIL DOLLARS INVESTED, THE  
BETTER.

4. AEB PROMISED COORDINATED REVIEW ASAP. WILL PROVIDE  
ADDITIONAL INPUT WHEN AVAILABLE.

5. IN EMBASSY VIEW, ERG REACTION IS MORE LIKELY TO BE  
REPRESENTATIVE OF COORDINATED GOJ-INDUSTRY OPINION, WHEN ONE  
EMERGES. JAPANESE INDUSTRY HAS CONSISTENTLY EXPRESSED VIEW  
THAT KEY TO ITS CONFIDENCE IN UEA ARRANGEMENT IS ITS ACCEPTABILITY  
TO US UTILITIES. THEY DO NOT REGARD FOREIGN INVESTMENT,  
HOWEVER LARGE, AS A SUBSTITUTE FOR US UTILITY INTEREST AND  
COMMITMENT; INDEED, AS RECENTLY REPORTED, THEY TEND TO SEE THE  
TWO AS INCONSISTENT. MOREOVER, JAPANESE INDUSTRY, WHETHER  
FAIRLY OR UNFAIRLY, IS RESENTFUL OF WHAT THEY REGARD AS  
BECHTEL PROMOTIONAL TACTICS. LIKELIHOOD THAT BECHTEL IS USING  
LARGE INRANIAN COMMITMENT AS RATCHET TO EXPEDITE COMMITMENTS  
FROM OTHERS DID NOT GO UNNOTICED BY EMBASSY CONTACTS, AND IS  
REGARDED BY THEM AS STRONGLY UNFAVORABLE FACTOR.

6. DEVELOPING UEA ARRANGEMENT CONSTITUTES VERY SIGNIFICANT  
DEPARTURE FROM STRUCTURE UNDER STUDY BY UEA-ESC. ERG IS  
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DISAPPOINTED IN THIS TREND SINCE IT NO LONGER TIES THE US AND  
JAPAN CLOSELY, BUT SIMPLY REPRESENTS BUSINESS EXPEDIENCY.  
HODGSON

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## Message Attributes

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